

# Memorandum



CITY OF DALLAS

DATE August 22, 2025

TO Honorable Mayor and Members of the City Council

SUBJECT **Upcoming Agenda Item 25-2303A: Set the Maximum FY 2025-26 Tax Rate and Authorize a Public Hearing**

On August 27, 2025, the City Council will set the maximum tax rate to be considered for FY 2025-26 on September 17 and authorize a public hearing to receive comments on the proposed tax rate on September 17.

The City Manager's recommended FY 2025-26 budget as discussed on August 12 proposed a tax rate of 69.97¢ per \$100 valuation. The proposed rate reflects a reduction of 0.25¢ for Maintenance and Operations – M&O (General Fund) and 0.25¢ per \$100 valuation for the Interest and Sinking – I&S (Debt Service Fund). The City Manager's recommended property tax rate is lower than the voter-approval tax rate.

The agenda item and the required Notice of Tax Rates will include three tax rates:

- Proposed Tax Rate: 69.97¢ (50.84¢ for M&O - General Fund)
- No-New-Revenue Tax Rate: 67.3196¢ (49.4631¢ for M&O - General Fund)
- Voter-Approval Tax Rate: 70.3274¢ (51.1943¢ for M&O - General Fund)

The no-new-revenue tax rate (NNR):

- A rate that generates the same revenue as the previous year.
- Applies to the M&O portion of the rate only.
- Plus Debt Service - the city may levy the amount needed to fund debt; this amount is added to the M&O rate.


The voter-approval tax rate (VATR):

- The maximum tax rate a taxing unit may adopt without an automatic election.
- Allowed increase of 3.5% in M&O property tax revenue over the prior year.
- Applies to the M&O portion of the rate only.
- Plus Debt Service - the city may levy the amount needed to fund debt; this amount is added to the M&O rate.

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PAGE **2 of 2**

The City Council may propose a rate up to the M&O voter-approval tax rate of 51.19¢ from 50.84¢ per \$100 valuation without triggering an automatic election. Adopting the voter-approval tax rate would increase General Fund property tax revenue by \$7.8 million from the proposed budget. The City Council may propose any rate up to the voter-approval tax rate. No election is required if the proposed rate is at or below the voter-approval tax rate.

If you have any questions, please contact me or Janette Weedon, Director of Budget & Management Services.

  
Jack Ireland  
Chief Financial Officer

c: Kimberly Bizzor Tolbert, City Manager  
Tammy Palomino, City Attorney  
Mark Swann, City Auditor  
Billieae Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Dominique Artis, Chief of Public Safety  
Dev Rastogi, Assistant City Manager

M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager  
Alina Ciocan, Assistant City Manager  
Donzell Gipson, Assistant City Manager  
Robin Bentley, Assistant City Manager  
Ahmad Goree, Chief of Staff to the City Manager  
Directors and Assistant Directors